

Hearing Date: September 11, 2019, at 9:30AM (Atlantic Time)

Response Deadline: August 27, 2019 at 4:00PM (Atlantic Time)

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et*  
*al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to COFINA.**

**NOTICE OF HEARING TO CONSIDER OBJECTION  
OF PUERTO RICO SALES TAX FINANCING CORPORATION  
TO PROOF OF CLAIM OF PEDRO TORRES GONZALEZ (CLAIM NO. 169419)**

**PLEASE TAKE NOTICE** that, on August 9, 2019, the Puerto Rico Sales Tax Financing Corporation (“COFINA”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as COFINA’s representative pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>2</sup> filed the *Objection of Puerto Rico Sales Tax Financing Corporation to Proof of Claim of Pedro Torres Gonzalez (Claim No. 169419)* (the “Objection”) with the United States District Court for the

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA” and together with the Commonwealth, COFINA, HTA, and ERS, the “Debtors”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> PROMESA is codified at 48 U.S.C. §§ 2101-2241.

District of Puerto Rico (the “Court”), seeking to disallow in its entirety Proof of Claim No. 169419 filed by Pedro Torres Gonzalez.

**PLEASE TAKE FURTHER NOTICE** that any response to the Objection must be filed in writing with the Court and must be served upon and received by the undersigned counsel for COFINA by **4:00 p.m. (Atlantic Time) on August 27, 2019.**

**PLEASE TAKE FURTHER NOTICE** that, in the event that one or more responses to the Objection are timely filed, the Objection shall be considered by The Honorable Laura Taylor Swain, at the United States District Court for the District of Puerto Rico, 150 Carlos Chardón Street, Federal Building, San Juan, Puerto Rico 00918-1767, at **9:30 a.m. (Atlantic Time) on September 11, 2019.**

**PLEASE TAKE FURTHER NOTICE THAT, IF NO RESPONSES TO THE OBJECTION ARE TIMELY FILED, SERVED, AND RECEIVED, IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE OBJECTION WITHOUT FURTHER NOTICE OR HEARING.**

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**PLEASE TAKE FURTHER NOTICE** that copies of all documents filed in these Title III Cases are available (a) free of charge by visiting <https://cases.primeclerk.com/puertorico> or by calling +1 (844) 822-9231, and (b) on the Court's website at <http://www.prd.uscourts.gov>, subject to the procedures and fees set forth therein.

Dated: August 9, 2019  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

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as representative for COFINA*

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**UNITED STATES DISTRICT COURT  
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In re:

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THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>3</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to COFINA.**

**OBJECTION OF PUERTO RICO SALES TAX FINANCING CORPORATION TO  
PROOF OF CLAIM OF PEDRO TORRES GONZALEZ (CLAIM NO. 169419)**

The Puerto Rico Sales Tax Financing Corporation (“COFINA”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as COFINA’s representative pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>4</sup> files this objection (the “Objection”) to the deficient and late-filed Proof of Claim No. 169419, filed against COFINA by Pedro Torres Gonzalez (the “Claimant”), and in support of the Objection, respectfully represents as follows:

<sup>3</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA” and together with the Commonwealth, COFINA, HTA, and ERS, the “Debtors”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>4</sup> PROMESA is codified at 48 U.S.C. §§ 2101-2241.

## **JURISDICTION**

1. The United States District Court for the District of Puerto Rico has subject matter jurisdiction to consider this matter and the relief requested herein pursuant to PROMESA section 306(a).

2. Venue is proper in this district pursuant to PROMESA section 307(a).

## **BACKGROUND**

### **A. The COFINA Title III Case**

3. COFINA is a public corporation and instrumentality of the Commonwealth constituting a corporate and political entity independent and separate from the Commonwealth, created under Act No. 91 of the Legislative Assembly of the Commonwealth.

4. Pursuant to that certain Amended and Restated Sales Tax Revenue Bond Resolution, adopted on July 13, 2007, as amended on June 19, 2009, and pursuant to certain supplemental resolutions, COFINA issued a series of bonds in aggregate approximate amount of \$17 billion, to, among other things, defray certain debt obligations of the Puerto Rico Government Development Bank and the Puerto Rico Public Finance Corporation.

5. On May 5, 2017, the Oversight Board issued a restructuring certification pursuant to PROMESA sections 104(j) and 206 and filed a voluntary petition for relief for COFINA, pursuant to PROMESA section 304(a), commencing a case under Title III thereof (the “COFINA Title III Case”). On January 9, 2019, the Oversight Board filed that certain *Third Amended Title III Plan of Adjustment of the Puerto Rico Sales Tax Financing Corporation* (the “Plan”) [ECF No. 4652].<sup>5</sup>

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<sup>5</sup> Unless otherwise stated, ECF citations refer to documents filed in Bankruptcy Case No. 17 BK 3283-LTS.

6. On February 4, 2019, the Court confirmed the Plan. *See Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5048]. On February 5, 2019, the Court issued an *Amended Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5055] (the “Amended Confirmation Order”). The Plan became effective on February 12, 2019 (the “Effective Date”), when the transactions contemplated therein were consummated. *See Notice of (A) Entry of Order Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation Pursuant to Title III of PROMESA and (B) Occurrence of the Effective Date* [Case No. 17 BK 3284-LTS, ECF No. 587].

#### **B. The Bar Date Orders and COFINA Claims**

7. On January 16, 2018, the Debtors filed their *Motion for Order (A) Establishing Deadlines and Procedures for Filing Proofs of Claim and (B) Approving Form and Manner of Notice Thereof* [ECF No. 2255] (the “Bar Date Motion”). Pursuant to the *Order (A) Establishing Deadlines and Procedures for Filing Proofs of Claims and (B) Approving Form and Manner of Notice Thereof* [ECF No. 2521] (the “Initial Bar Date Order”), the Court granted the relief requested in the Bar Date Motion and established deadlines and procedures for filing proofs of claim in the COFINA Title III Case. Upon the informative motion of certain creditors, and the support of the Debtors, the Court subsequently entered the *Order (A) Extending Deadlines for Filing Proofs of Claim and (B) Approving Form and Manner of Notice Thereof* [ECF No. 3160] (together with the Initial Bar Date Order, the “Bar Date Orders”), extending the deadline to file proofs of claim against one or more Debtors to June 29, 2018 at 4:00 pm (Atlantic Time).

8. Approximately 3,500 proofs of claim were filed in relation to COFINA, totaling approximately \$10.1 trillion in asserted amounts. As noted above, as COFINA is a special purpose entity that had only approximately \$17 billion of funded indebtedness, it was clear that substantially all of such claims were inappropriate. As a result, COFINA filed twenty omnibus objections, in addition to certain individual objections, seeking to disallow thousands of claims and to reclassify hundreds of other claims to be asserted against another of the Debtors. Accordingly, almost all of the proofs of claim filed against COFINA have been disallowed, reclassified, or voluntarily withdrawn by the claimants, while some remain pending.

### **C. Proof of Claim at Issue**

9. On or about June 26, 2019, nearly a year after the deadline to file a proof of claim, and over 120 days after the Effective Date, Claimant filed a proof of claim against COFINA, which was logged by Prime Clerk, LLC, as Proof of Claim No. 169419 (the “Claim”). The Claims asserts an amount of “0” dollars based solely on a “Prestacion de Servicios,” which translates to “provision of services.” Claimant did not include any further explanation or documentation in support of the Claim.<sup>6</sup>

### **OBJECTION TO PROOF OF CLAIM**

10. Claims that are “unenforceable against the debtor and property of the debtor, under any agreement or applicable law” should be disallowed. 11 U.S.C. § 502(b)(1). Federal Rule of Bankruptcy Procedure 3007(d) sets forth a number of grounds for objecting to claims, including

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<sup>6</sup> Counsel for the Oversight Board, using the contact information provided with the Claim, has attempted on multiple occasions to contact the Claimant in an effort to resolve the Claim without filing an objection and to have the Claim voluntarily withdrawn. However, Claimant has not responded to any of counsel’s communications.

objecting to a deficient claim under Federal Rule of Bankruptcy Procedure 3007(d)(6), and a late-filed claim under Federal Rule of Bankruptcy Procedure 3007(d)(4).

11. In accordance with these legal principles, the Objection seeks to disallow the Claim as a deficient and late-filed claim. First, the Claim failed to provide any basis for asserting the claim against COFINA. The Claim purports to assert zero dollars in liability against COFINA based on a provision of services, without providing any additional information or supporting documentation. Because of these failures to comply with the applicable rules, neither COFINA nor the Court is able to determine the validity of the Claim as asserted against COFINA. Additionally, the Claim was filed nearly a year after the deadline to file a proof of claim, as set by the Bar Date Orders, and over 120 days after the Effective Date.<sup>7</sup> For each of these reasons, the Claim should be disallowed in its entirety.

### **RESERVATION OF RIGHTS**

12. This Objection is limited to the grounds stated herein. Accordingly, it is without prejudice to the rights of COFINA to object to the Claim or any other claim on any ground whatsoever. COFINA expressly reserves all further substantive or procedural objections. Nothing contained herein or any actions taken pursuant to such relief is intended or should be construed as: (a) an admission as to the validity of any claim against COFINA; (b) a waiver of COFINA's right

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<sup>7</sup> To the extent the Claim purports to assert a claim or cause of action relating to COFINA that arose, in whole or in part, prior to the Effective Date, the Claim should also be disallowed in its entirety because any such claim has been discharged and released, pursuant to Paragraph 29 of the Amended Confirmation Order. Amended Confirmation Order, ¶ 29(a) ("Upon the Effective Date, COFINA and Reorganized COFINA shall be deemed discharged and released from any and all Claims, Causes of Action and any other debts that arose, in whole or in part, prior to the Effective Date . . . ."); *id.* ("[A]ll distributions and rights afforded under the Plan shall be, and shall be deemed to be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims or Causes of Action against COFINA that arise, in whole or in part, prior to the Effective Date, relating to COFINA . . . including any interest accrued on such Claims from and after the Petition Date . . . .").



to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (e) a waiver of COFINA's rights under PROMESA, the Bankruptcy Code or any other applicable law.

**NOTICE**

13. COFINA has provided notice of this Objection to (a) the individual creditor subject to this Objection, (b) the U.S. Trustee, and (c) the Master Service List (as defined by the *Tenth Amended Case Management Procedures* [ECF No. 8027-1]), which is available on the Debtors' case website at <https://cases.primeclerk.com/puertorico>. COFINA submits that, in light of the nature of the relief requested, no other or further notice need be given.

**NO PRIOR REQUEST**

14. No prior request for the relief sought in this Objection has been made to this or any other court.

*[Remainder of Page Intentionally Left Blank]*

WHEREFORE COFINA respectfully requests entry of an order, substantially in the form of the proposed order attached hereto as **Exhibit A**, (1) granting the relief requested herein, and (2) granting COFINA such other and further relief as is just.

Dated: August 9, 2019  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

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Oversight and Management Board  
as representative for COFINA*

**EXHIBIT A**

**Proposed Order**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et*  
*al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to COFINA.**

ORDER GRANTING THE OBJECTION OF  
PUERTO RICO SALES TAX FINANCING CORPORATION  
TO PROOF OF CLAIM OF PEDRO TORRES GONZALEZ (CLAIM NO. 169419)

Upon the *Objection of Puerto Rico Sales Tax Financing Corporation to Proof of Claim of Pedro Torres Gonzalez (Claim No. 169419)* (Docket Entry No. \_\_, the “Objection”),<sup>2</sup> dated August 9, 2019, filed by the Puerto Rico Sales Tax Financing Corporation (“COFINA”), for entry of an order disallowing in its entirety the claim filed against COFINA by Pedro Torres Gonzalez, which claim was logged by Prime Clerk, LLC, as Proof of Claim No. 169419 (the “Claim”), as more

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Objection.

fully set forth in the Objection; and the Court having jurisdiction to consider the Objection and to grant the relief requested therein pursuant to Section 306(a) of PROMESA; and venue being proper pursuant to Section 307(a) of PROMESA; and due and proper notice of the Objection having been provided to those parties identified therein, and no other or further notice being required; and the Court having determined that the relief sought in the Objection is in the best interests of COFINA, its creditors, and all the parties in interest; and the Court having determined that the legal and factual bases set forth in the Objection establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Objection is GRANTED as set forth herein; and it is further

ORDERED that the Claim is hereby disallowed in its entirety; and it is further

ORDERED that Prime Clerk, LLC is authorized and directed to delete the Claim from the official claims registry in the COFINA Title III Case; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

SO ORDERED.

Dated: \_\_\_\_\_

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Honorable Judge Laura Taylor Swain  
United States District Judge